

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 35250 01 OF 03 291829Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00

OMB-01 STR-04 SS-15 NSC-05 L-03 H-02 PRS-01 PA-01

/115 W

----- 037557

R 291821Z NOV 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7485

INFO ALL OECD CAPITALS 0638

LIMITED OFFICIAL USE SECTION 01 OF 03 PARIS 35250

E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: THE BARRE PLAN AND WAGES

1. SUMMARY: A 1971 CLAUSE IN THE LABOR CONTRACT COVER-
ING GAS AND ELECTRICITY EMPLOYEES CALLING FOR A
MINIMUM 2 PER CENT INCREASE IN REAL WAGES PER YEAR
PRESENTS GOF WITH ITS FIRST REAL TEST OF ITS WAGE
RESTRAINT POLICY CONTAINED IN THE BARRE PLAN. THE
EMBASSY BELIEVES THAT BARRE, CONVINCED THAT INFLATION
IS PRESENTLY FRANCE'S ENEMY NUMBER ONE, WILL TAKE A
FIRM STAND TO PREVENT APPLICATION OF THE 1971 CLAUSE
IN 1977 EVEN IN THE FACE OF A THREAT OF STRIKE ACTION
BY ALL UNIONS INCLUDING FO. FO'S STRATEGY IS TO
DEFEND COLLECTIVE BARGAINING AGAINST UNILATERAL
DECISIONS BY GOF. HAVING COMMITTED ITSELF TO COLLECT-
IVE BARGAINING AS A CONERSTONE OF ITS PRAGMATIC
PHILOSOPHY, FO IS OPPOSED TO ANY IMPLICATION IN THE
BARRE PLAN THAT THE COLLECTIVE BARGAINING PROCESS IS
BEING ABANDONED. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 35250 01 OF 03 291829Z

2. GOF'S RESOLVE TO IMPLEMENT THE WAGE RESTRAINT POLICY WHICH IS PART OF THE BARRE PLAN WILL SOON BE TESTED BECAUSE OF A SPECIFIC EVENT THAT TOOK PLACE IN 1971.

3. FIRST A WORD ABOUT THE POLICY. BARRE, FACED WITH THE RECORD OF THE LAST THREE YEARS WHEN REAL WAGE INCREASES EXCEEDED BY 4 TO 6 PER CENT THE COST OF LIVING, REALIZED THAT THIS COULD NOT GO ON. AWARE, HOWEVER, OF THE VIRTUAL IMPOSSIBILITY IN FRANCE OF EMBARKING ON ANYTHING RESEMBLING AN INCOMES POLICY, HE LIMITED HIMSELF TO THE PROVISION IN HIS PLAN THAT WAGE INCREASES IN BOTH PUBLIC AND PRIVATE SECTORS SHOULD NOT EXCEED THE COST OF LIVING. IN ORDER TO MAKE THIS MORE PALATABLE HE SPOKE OF "MAINTENANCE OF WORKERS' PURCHASING POWER."

4. HOWEVER, BARRE WENT A STEP FURTHER IN AN EFFORT TO MAKE HIS POINT CLEAR BY DECLARING THAT WAGE INCREASES IN 1977 MAY NOT EXCEED 6.5 PER CENT WHICH IS THE PERCENTAGE HE SET AS A GOAL FOR THE INFLATION RATE IN THE COMING YEAR.

5. AT THE SAME TIME BARRE, AWARE OF THE RECENT HISTORY OF LABOR-MANAGEMENT RELATIONS IN THE PUBLIC SECTOR WHICH SINCE 1969 HAD BEEN RATIONALIZED THROUGH COLLECTIVE BARGAINING (WHICH IN FRANCE IS CALLED CONTRACTUAL POLICY), KEPT EMPHASIZING IN EVERY SPEECH THAT HIS GOVERNMENT REMAINS AS COMMITTED TO COLLECTIVE BARGAINING AS ITS PREDECESSORS. HE KEPT ADDING THAT GOF WOULD ABIDE FAITHFULLY BY THE 1976 AGREEMENTS AND THAT THE 1977 AGREEMENTS WOULD BE NEGOTIATED AT "THE APPROPRIATE TIME." LEAVING ASIDE FOR A MOMENT THE CONTRADICTION BETWEEN COMMITMENT TO THE CONTRACTUAL POLICY AND THE UNILATERAL DECLARATION CONCERNING THE 6 1/2 PER CENT WAGE INCREASE FOR 1977, WHAT BARRE WAS SEEKING WAS A FORMULA TO DELAY THE 1977 NEGOTIATIONS UNTIL HIS OTHER MEASURES HAD AFFECTED THE COST OF LIVING INDEX THUS MAKING THE 6 1/2 PER CENT GUIDELINE MORE CREDIBLE AND THEREFORE MORE ENFORCEABLE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 35250 01 OF 03 291829Z

6. BEFORE ANALYZING THE REACTIONS AND PLAY WHICH THE BARRE PLAN PROVOKED IN THE LABOR CIRCLES, A REMINDER MAY BE USEFUL OF THE UNIONS' ATTITUDE TOWARDS THE CONTRACTUAL POLICY. WITH THE EXCEPTION OF VERY FEW CONTRACTS SUCH AS THE ONE IN GAS AND ELECTRICITY (EDF-EGF), ABOUT WHICH MORE BELOW, THE TWO RADICAL UNIONS OF CGT AND CFDT TOOK THE HIGHLY IDEOLOGICAL

POSITION THAT SIGNATURE OF COLLECTIVE AGREEMENTS
CONSTITUTED TREASON TO THE WORKING CLASS BECAUSE THEY
EXEMPLIFIED AN ABANDONMENT OF THE CLASS STRUGGLE AND
SUBSTITUTION THEREFORE OF CLASS COLLABORATION, INDEED
A DIRTY WORD IN MARXIST CIRCLES.

7. IN CONTRAST TO THE FOREGOING THE MODERATE UNIONS
UNDER THE LEADERSHIP OF FO, NAMELY FEN, CGC, CFTC,
WERE GUIDED BY THE REALISTIC VIEW THAT IF COLLECTIVE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 35250 02 OF 03 291835Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00

OMB-01 STR-04 SS-15 NSC-05 PRS-01 PA-01 L-03 H-02

/115 W

----- 037634

R 291821Z NOV 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7486

INFO ALL OECD CAPITALS 0639

LIMITED OFFICIAL USE SECTION 02 OF 03 PARIS 35250

BARGAINING RESULTED IN ACCEPTABLE COMPROMISES, NOT
ONLY WAS THERE NO REASON NOT TO SIGN BUT ON THE
CONTRARY THERE WAS AN OBLIGATION TO THE UNIONS'
MEMBERS TO DO SO.

8. IN VIEW OF THIS BACKGROUND AN INTERESTING SITUATION
DEVELOPED WHEREIN FORCE OUVRIERE AND NOT THE MAJORITY

UNIONS OF CGT-CFDT BECAME THE FOCAL POINT OF THE LABOR REACTION TO THE BARRE PLAN. WITH ITS IMPECCABLE CREDENTIALS AS A MODERATE UNION ABLE TO FACE REALITIES, FO WAS LOOKED UPON BY GOF AS WELL AS BY PUBLIC OPINION IN GENERAL AS THE ONLY LABOR ORGANIZATION LIKELY TO SET THE TONE OF RANK AND FILE REACTION TO THE BARRE PLAN. THE PRECIPITOUS DECISION BY CGT-CFDT TO CALL FOR A DAY OF STRIKES AND MARCHES ON 7 OCTOBER WAS VIEWED BY ALL AS A RITUALISTIC EXERCISE DESIGNED TO ESTABLISH A RECORD OF FORMAL OPPOSITION TO THE BARRE PLAN WHILE AVOIDING ANY POLITICALLY HAZARDOUS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 35250 02 OF 03 291835Z

ACTION TO REALLY CHALLENGE ITS IMPLEMENTATION.

9. CONSEQUENTLY FO'S NATIONAL LEADERS AND ESPECIALLY ITS SECGEN ANDRE BERGERON FOUND HIMSELF IN A DIFFICULT POSITION. FO'S REFUSAL TO PARTICIPATE IN THE 7 OCTOBER PROTEST ACTION DID NOT SIT WELL WITH SOME OF FO'S MILITANTS WHO AS MEMBERS OF THE SOCIALIST PARTY FELT THAT AN OPPOSITION TO THE BARRE WAS IN THE INTEREST OF THE LEFT. ON THE OTHER HAND, BERGERON AND HIS CLOSE ASSOCIATES REALIZED THAT BEHIND THE POLICY OF WAGE RESTRAINT THERE WAS AN IMPORTANT PRINCIPLE INVOLVED, NAMELY THE SAFEGUARD OF THE COLLECTIVE BARGAINING PROCESS. HAVING ADOPTED THE "CONTRACTUAL POLICY" AS A CORNERSTONE OF ITS PRAGMATIC PHILOSOPHY, AND HAVING BEEN EXPOSED BECAUSE OF THIS TO SEVERE CRITICISM BY CGT-CFDT, FO COULD NOT BUT FEEL PROFOUNDLY THREATENED BY ANY IMPLICATION IN THE BARRE PLAN THAT THIS POLICY WAS BEING ABANDONED. HENCE BERGERON'S STRATEGY TO MAKE THE SAFEGUARD OF THE CONTRACTUAL POLICY THE MAIN THEME OF HIS CAMPAIGN AGAINST GOF'S UNILATERAL DECLARATION REGARDING THE 6.5 PERCENT WAGE GUIDELINE FOR 1977.

10. ACCORDINGLY, FO LEADERS BEGAN RAISING THEIR TONE OF VOICE AND IN PUBLIC MEETINGS LET IT BE KNOWN THAT FO'S OPPOSITION TO THE BARRE PLAN MAY VERY WELL TAKE THE FORM OF STRIKE ACTIONS WITH OR WITHOUT COORDINATION WITH CGT-CFDT. IN ADDITION, BERGERON MULTIPLIED HIS CALLS ON GOVERNMENT OFFICIALS, INCLUDING BARRE ON WHOM THE LAST SUCH CALL WAS ON 16 NOVEMBER.

11. SINCE IT IS OBVIOUS THAT BARRE COULD NOT POSSIBLY HAVE INTENDED TO PUT FO IN A DIFFICULT POSITION, WHAT WENT WRONG? BEST EXPLANATION IS THAT AN ERROR IN TACTICS IS RESPONSIBLE FOR THE PRESENT SITUATION. BARRE AND HIS ADVISERS THOUGHT THAT A GUARANTEE OF PURCHASING POWER AND A COMMITMENT TO THE CONTRACTUAL

POLICY WERE NOT SMALL CONCESSIONS AND COULD SERVE AS
A COUNTERWEIGHT TO THE MODERATE WAGE RESTRAINT POLICY
THE BARRE PLAN INTRODUCED. HOWEVER, THE FO LEADERS,
AND ESPECIALLY THE RANK AND FILE IN THE NATIONALIZED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 35250 02 OF 03 291835Z

SECTOR, FOCUSED ON THE 6 1/2 PER CENT LIMITATION AND
GOT WORRIED. FO LEADERS IN THE CIVIL SERVICE UNIONS
TOLD LABATT THAT IT WOULD HAVE BEEN MUCH BETTER FOR
GOF TO SUSPEND COLLECTIVE BARGAINING FOR A NUMBER
OF MONTHS WHILE WAITING FOR THE IMPACT OF THE BARRE
PLAN ON PRICES. ACCORDING TO THESE LEADERS FO MIGHT
HAVE FELT COMPELLED TO CALL ONE OR TWO 24-HOUR
STRIKES BUT THIS COULD NOT HAVE GONE VERY FAR AND
THE RANK AND FILE WOULD HAVE ACCEPTED MORE READILY A
CLEAR AND SIMPLE DECISION TO SUSPEND THE CONTRACTUAL
POLICY RATHER THAN THE APPARENTLY CONTRADICTIONARY
OFFICIAL STATEMENTS DESCRIBED ABOVE.

12. BACK TO 1971 NOW. AT THAT TIME A CLAUSE WAS
ADDED TO THE 1969 AGREEMENT COVERING EDF-EGF
WORKERS GUARANTEEING A MINIMUM OF 2 PER CENT INCREASE
IN REAL WAGES PER YEAR. THE CLAUSE PROVIDES FOR ITS
AUTOMATIC EXTENSION FROM YEAR TO YEAR UNLESS
DENOUNCED BY EITHER PARTY.

13. THIS IS THE FIRST AND REAL TEST OF THE BARRE
PLAN AS FAR AS WAGES ARE CONCERNED. THE BATTLE LINES

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 35250 03 OF 03 291837Z

46
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00

OMB-01 STR-04 SS-15 NSC-05 PRS-01 PA-01 L-03 H-02

/115 W

----- 037662

R 291821Z NOV 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7487

INFO ALL OECD CAPITALS 0640

LIMITED OFFICIAL USE SECTION 03 OF 03 PARIS 35250

ARE ALREADY BEING DRAWN BECAUSE FOR THE FIRST TIME SINCE 1969 ALL EDF-EGF UNIONS (INCLUDING FO) FIND THEMSELVES UNITED IN THEIR THREAT FOR STRIKE ACTION IF THE GOF DOES NOT AGREE TO NEGOTIATIONS BY 15 DECEMBER. WILL THE GOVERNMENT DENOUNCE THE AGREEMENT OR WILL IT BE ABLE TO FIND OTHER WAYS TO PREVENT THE 2 PER CENT INCREASE PROMISED BY THE 1971 CLAUSE? INCIDENTALLY, THE ONLY OTHER INDUSTRY IN WHICH A SIMILAR CLAUSE EXISTS IS IN MINING.

14. THERE CANNOT BE THE SLIGHTEST DOUBT ABOUT THE FACT THAT IF THE 1971 CLAUSE IN EDF-EGF (AND IN THE MINING COMPANY) IS ALLOWED TO BE OPERATIVE IN 1977, THE BARRE PLAN WILL BE EXPOSED TO FATAL COMPROMISE AS FAR AS WAGES ARE CONCERNED. THE CONCERTED EFFORT GOF IS MAKING TO CONVINCE AND CAJOLE PRIVATE EMPLOYERS TO ABIDE BY THE 6.5 PER CENT GUIDELINE WILL HAVE BEEN IN VAIN IF GOF FAILS TO TAKE A FIRM STAND AND CLEARLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 35250 03 OF 03 291837Z

REFUSE AUTOMATIC APPLICATION OF THE 1971 CLAUSE.

15. OUR BETTING IS THAT GOF WILL TAKE THE FIRM STAND REQUIRED BY THE SITUATION. THERE IS EVERY REASON TO BELIEVE THAT BARRE HAS REACHED THE CONCLUSION THAT THE TIME HAS COME TO CHANGE HIS PREDECESSOR'S (AND PRIVATE EMPLOYERS') POLICY OF "SOCIAL PEACE AT ANY PRICE" TO ONE AIMING AT THE REDUCTION OF THE INFLATION RATE EVEN IN THE FACE OF PREDICTABLE STRIKE ACTION BY ORGANIZED LABOR. BARRE SEEMS DETERMINED TO ACT AS A PRIME MINISTER WHO BELIEVES IT WHEN HE SAYS THAT INFLATION IS PRESENTLY FRANCE'S ENEMY NUMBER 1. RUSH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT REFORM, WAGES, UNION GOVERNMENT RELATIONS, INFLATION
Control Number: n/a
Copy: SINGLE
Draft Date: 29 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS35250
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760441-1066
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976117/aaaaafwm.tel
Line Count: 330
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by hartledg>; APPROVED <08 NOV 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THE BARRE PLAN AND WAGES
TAGS: ELAB, FR, (BARRE, RAYMOND)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006